

**Amendments to the Specification:**

Please replace the paragraph beginning on page 2 at line 29 with the following rewritten paragraph:

A1  
--The present invention overcomes the limitations of the prior art by providing an efficient method for inserting transitions that does not require any decoding and can be performed at the encoder. The use of only B pictures to provide the transitions allows a transition to be inserted in the MPEG sequence in the same manner for any sequence, regardless of the sequence content. The advantageous features of the current invention are:

- No decoding required to insert the transition
- No discrete cosine transform (DCT) is required, so the computation of the bitstream is efficient.
- Transitions can be precomputed as they are independent of scene content.
- Transitions are inserted directly into the bitstream at the encoder, rather than the decoder.--